

Press release

Paris, 25 November 2014, 6:00 pm

## H1 2014/15 revenues up 13% - Operating income on ordinary activities up 15% Priority on growth despite still difficult market conditions

On 24 November 2014, Solucom's Board of Directors met to approve the Group's 2014/15 interim financial statements for the six-month period ended 30 September 2014, the details of which are summarised below. The Statutory Auditors have performed a limited review of the Group's interim financial statements.

Consolidated interim figures at 30/09 (€m)	H2 2014/15	H2 2013/14	Change
<b>Revenue</b>	73.7	64.9	+13%
<b>Operating income on ordinary activities</b>	7.6	6.6	+15%
<i>Ebit margin</i>	10.3%	10.2%	
<b>Operating income</b>	7.6	6.3	+20%
<b>Group share of net income</b>	4.3	3.7	+15%
<i>Net margin</i>	5.8%	5.7%	

At end-September 2014/15, Solucom reported 13% growth in consolidated interim revenues to €73.7m. On a like-for-like basis, excluding the contributions from Lumens Consultants and Trend Consultants, organic growth came out at 10% over the six-month period.

This solid first-half performance has put the Group ahead of schedule with regard to its full-year guidance despite a more difficult-than-expected market environment.

All sectors of activity reported growth during the first six months of the year. Growth was notably sustained by certain major client accounts in the banking sector which are actively pursuing their digital transformation programmes.

### Operating indicators solid but visibility limited

Solucom pursued its active recruitment strategy throughout the first half of the financial year making for an increase in headcount levels to 1,374 employees at the end of the period, versus 1,327 at end-March 2014.

The activity ratio came out at 83%, stable on full-year 2013/14.

Prices edged up slightly reaching an average of €715 over the six-month period, although it should be noted that this increase was slower than expected.

The order book narrowed from 3.2 months at end-March 2014 to 3.0 months at the interim stage, underscoring the fact that visibility is limited.

### Operating income on ordinary activities up 15%

Operating income on ordinary activities in H1 2014/15 increased 15% on the year-earlier level to €7.6m, making for an operating margin on ordinary activities of 10.3%, versus 10.2% in H1 2013/14, in line with the Group's full-year guidance.

Group share of net income also advanced 15% to reach €4.3m over the six-month period, implying a net margin of 5.8%.

## Net cash of €15.7m at end-September 2014

Thanks to the company's solid cash-flow generation capacity and its tight client management strategy, Solucom's gross cash position remained high, coming out at €19.1m at the interim stage with net cash of €15.7m, versus €16.6m at end-March 2014 and €8.7m at end-September 2013.

## Priority on growth

Trading conditions in Solucom's markets over the past few months have been less favourable than expected and the economic outlook has taken another turn for the worse. Budgets are still under tight control and pressure on prices shows no sign of letting up.

Nevertheless, the company remains confident that demand will gradually pick up. The integration of digital technologies and the changes they engender are in fact key elements required in the corporate-transformation process.

In this context, Solucom is banking on achieving its growth targets. In addition, the company is maintaining its recruitment and intensive sales-investment objectives and also plans to pursue its targeted acquisition strategy designed to strengthen its value offering, as the recent acquisition of Audisoft Oxéa illustrates. Solucom also considers to carve out footholds in new countries abroad.

## Full-year growth targets raised

On the back of the Group's first-half growth performance and the consolidation of Audisoft Oxéa since 1<sup>st</sup> November 2014, Solucom has raised its full-year growth objective from 8% to 12%.

In terms of margins, the Group is maintaining its operating margin on ordinary activities objective of between 11% and 13%, including the consolidation of Audisoft Oxéa. This target range could however come under increased strain due to the market conditions to which Solucom is exposed and the Group's priority on growth.

## Solucom listing on the EnterNext<sup>®</sup> PEA-PME 150 index

Solucom was recently listed on the new "EnterNext<sup>®</sup> PEA-PME 150" index, launched on 17 November. Listing on this index, which comprises 150 small and mid caps selected among the most liquid companies eligible to benefit from the French government's PEA-PME share savings plan, offers Solucom increased visibility with institutional and individual investors alike.

**Next publication:** 21 January 2015 (after market close), publication of Q3 2014/15 revenues.

## About Solucom

*Solucom is a management and IT consulting firm.*

*Solucom's customers are among the top 200 large companies and public bodies. For them, Solucom is capable of mobilizing and combining the skills of 1,300 staff members.*

*Our mission statement? To place innovation at the heart of business lines, target and steer transformations that are sources of added value, and turn the information system into an actual asset designed to serve corporate strategies.*

*Solucom is listed on Euronext Paris and Solucom shares are eligible for the 'PEA-PME' scheme.*

*The consulting firm has been granted the innovative company award from BPIFrance.*



All our news on: [www.solucom.fr](http://www.solucom.fr)



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## Annex 1: consolidated income statement at 30/09/14

(In € '000)

	30/09/14	30/09/13	31/03/14
<b>TURNOVER</b>	<b>73 654</b>	<b>64 931</b>	<b>141 622</b>
Purchased consumables	1 726	1 534	3 185
Personnel costs (including profit share)	55 561	48 101	102 155
External costs	7 553	7 081	14 290
Taxes and duties	1 096	1 113	2 347
Net depreciation and provision charges	73	612	1 493
Other income and expenses on ordinary activities	30	(105)	(92)
<b>EBIT</b>	<b>7 616</b>	<b>6 595</b>	<b>18 243</b>
Other operating revenues and charges	(62)	(297)	(557)
<b>OPERATING PROFIT</b>	<b>7 554</b>	<b>6 298</b>	<b>17 686</b>
Interest Income	29	32	56
Financial expenses	122	129	254
<b>NET BORROWING COSTS</b>	<b>92</b>	<b>97</b>	<b>198</b>
Other financial income and expenses	7	(3)	(12)
<b>PROFIT BEFORE TAX</b>	<b>7 468</b>	<b>6 199</b>	<b>17 476</b>
Tax burden	3 203	2 501	6 530
<b>NET PROFIT FOR PERIOD</b>	<b>4 265</b>	<b>3 697</b>	<b>10 946</b>
Minority interests	0	0	0
<b>NET PROFIT (Group's share)</b>	<b>4 265</b>	<b>3 697</b>	<b>10 946</b>
Net earnings (Group's share) per share (€) (1) (2)	0,87	0,76	2,24
Diluted earnings (Group's share) per share (€) (2)	0,87	0,76	2,24

*Data certified by the Auditors, following a limited review of the accounts*

(1) Average weighted number of shares over the period excluding treasury shares.

(2) In accordance with IAS 33, a retrospective restatement has been made to calculate the net earnings per share as at 30/09/13 and as at 31/03/14, on the basis of the number of shares as at 30/09/14.

## Annex 2: Consolidated balance sheet as at 30/09/14

(In € '000)

	30/09/14	31/03/14
Goodwill	40 789	41 077
Intangible fixed assets	1 210	1 292
Tangible fixed assets	1 810	2 220
Investments - due in more than one year	928	975
Other non-current assets	3 099	3 210
<b>NON CURRENT ASSETS</b>	<b>47 836</b>	<b>48 774</b>
Clients and apportioned accounts	47 389	49 367
Other debtors	6 591	6 696
Cash and cash equivalents/Investments	19 056	20 034
<b>CURRENT ASSETS</b>	<b>73 036</b>	<b>76 097</b>
<b>TOTAL ASSETS</b>	<b>120 872</b>	<b>124 871</b>
Equity	497	497
Issue, merger, and contribution premiums	11 218	11 218
Consolidated reserves and earnings	53 066	52 165
<b>SHARE CAPITAL (GROUP'S SHARE)</b>	<b>64 782</b>	<b>63 880</b>
Minority interests	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>64 782</b>	<b>63 880</b>
Long-term provisions	5 561	3 934
Borrowings (due in more than one year)	3 082	3 131
Other long term liabilities	379	1 002
<b>NON-CURRENT LIABILITIES</b>	<b>9 022</b>	<b>8 067</b>
Short-term provisions	1 171	1 637
Borrowings (due in less than one year)	313	345
Suppliers and apportioned accounts	5 890	5 653
Income tax and social security liabilities	32 797	38 388
Other current liabilities	6 898	6 901
<b>CURRENT LIABILITIES</b>	<b>47 069</b>	<b>52 925</b>
<b>TOTAL LIABILITIES</b>	<b>120 872</b>	<b>124 871</b>

### Annex 3: change in consolidated cash position as at 30/09/14

(In € '000)

	30/09/14	30/09/13	31/03/14
<b>Total net consolidated profit</b>	<b>4 265</b>	<b>3 697</b>	<b>10 946</b>
<i>Elimination of non-cash items</i>			
Depreciation and provisions charges	541	819	1 940
Capital losses / (Gains) from disposals, net of tax	(12)	1	3
Other expenses and income	142	(1 069)	(1 218)
<b>Gross cash flow margin (1)</b>	<b>4 937</b>	<b>3 448</b>	<b>11 671</b>
Change in working capital requirements	(2 806)	(5 555)	(1 022)
<b>Net cash flow from operating activities</b>	<b>2 130</b>	<b>(2 107)</b>	<b>10 648</b>
Acquisition of intangible and tangible assets	(617)	(529)	(1 428)
Disposal of fixed assets	14	0	0
Change in long-term investments	(788)	906	864
Impact of changes in consolidation scope	0	(2 530)	(5 949)
<b>Net cash flow from investment operations</b>	<b>(1 391)</b>	<b>(2 153)</b>	<b>(6 513)</b>
Dividends paid to shareholders of the parent company	(1 620)	(1 555)	(1 571)
Dividends paid to minority interests of consolidated companies	0	0	0
Other cash flows from financial operations	(98)	(82)	(650)
<b>Net cash flow from financing operations</b>	<b>(1 718)</b>	<b>(1 637)</b>	<b>(2 221)</b>
<b>Net change in cash and cash equivalents</b>	<b>(978)</b>	<b>(5 897)</b>	<b>1 914</b>
Impact of change in foreign exchange rates	3	(1)	(1)
Opening cash position	20 012	18 098	18 098
Closing cash position	19 036	12 201	20 012

(1) After net borrowing costs and after tax

The amount of taxes paid amounted to € 6,256 thousand as at 30/09/14 and € 5,350 thousand as at 31/09/13.

The amount of interest paid amounted to € 106 thousand as at 31/09/14 and to € 104 thousand as at 31/09/13.